

**MINUTES OF REGULAR MEETING - VIDEO  
OPEN SESSION  
June 20, 2013  
ILLINOIS GAMING BOARD  
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

On Thursday, June 20, 2013 a Regular Meeting - Video of the Illinois Gaming Board ("Board") was held on the 5<sup>th</sup> floor at 160 N. LaSalle at the Michael J. Bilandic Building, Chicago, Illinois. The Open Session on Video Gaming started at approximately 11:00 A.M. Present were Members Lee Gould, Maribeth Vander Weele and Chairman Aaron Jaffe. Member Holewinski was ill and was not present and did not participate.

**APPROVAL OF MINUTES –**

Member Gould moved that **the Board approve the open session minutes of its Regular Meeting of May 23, 2013.** Member Vander Weele seconded the motion. The Board approved the motion unanimously by roll call vote.

**ADMINISTRATOR'S REPORT –**

Administrator Ostrowski summarized that 1,799 video gaming locations and 7,536 video gaming terminals are operational. The Administrator also stated that a teleconference was conducted on June 12, 2013 with the terminal operators pertaining to the rules, refinancing, and the process for removal of the video machines.

**BOARD POLICY ITEMS**

Caleb Melamed's presentation to the Board

Section 78 (a) (3) and (b) of the Video Gaming Act [230 ILCS 40] confers rulemaking authority upon the Illinois Gaming Board regarding video gaming. At this June 20, 2013 open meeting of the Illinois Gaming Board, the Board's legal staff is submitting proposals to amend the Board's rules on video gaming [11 Ill. Admin. Code 1800] as follows:

Inclusion of unredeemed vouchers as part of adjusted gross receipts.

The proposed rulemaking adds a definitions of "adjusted gross receipts" to Section 110 of the video gaming rules [11 Ill. Admin. Code 1800.110 ("Definitions")], identical to the new definition proposed for the riverboat gambling rules. Under the new definition, "adjusted gross receipts" are defined as gross receipts less winnings paid to wagerers. The definition further provides that the value of expired vouchers shall be included in computing adjusted gross receipts.

Including the value of expired vouchers as part of adjusted gross receipts conforms with standard accounting practice in the gaming industry.

#### Temporary license for licensed terminal handlers and licensed technicians

This proposed rulemaking adds a new paragraph to Section 560 of the video gaming rules [11 Ill. Admin. Code 1800.560 ("Issuance of License")] authorizing the Administrator to issue temporary licenses for licensed technicians and licensed terminal handlers, valid for up to one year from the date of application. The temporary licenses under this new paragraph will be analogous to the temporary licenses currently issued to occupational licensees under the Riverboat Gambling Act. A person will be considered ineligible for a temporary license if he or she is the subject of a pending investigation, or is ineligible for licensure under any of the criteria of Section 45 (a), (a-5), (c), or (d) of the Video Gaming Act ("Issuance of License"), Section 9 of the Riverboat Gambling Act ("Occupational Licensees"), or Section 420 of the video gaming rules [11 Ill. Admin. Code 1800.420 ("Qualifications for Licensure")].

#### Restricted areas for video gaming.

A new paragraph added to Section 810 of the video gaming rules [11 Ill. Admin. Code 1800.810 ("Location and Placement of Video Gaming Terminals")] establishes the following requirements relating to restricted areas for video gaming;

- \* For those locations that restrict admittance to patrons 21 years of age or older, a separate restricted area is not required.

- \* In those locations where separation from minors under 21 is required, a physical barrier to the gaming area, including but not limited to a short partition, gate or rope is required. No barrier shall visually obscure the entrance to the gaming area from an employee of the location who is over the age of 21.

The above requirements are already set forth in the answer to Frequently Asked Question ("FAQ") number 13 for video gaming on the IGB website. Thus, this rule change represents a codification of existing Board policy.

#### Transfers of video gaming terminals (VGTs) between terminal operators.

Currently, the Video Gaming Act and rules do not specify whether a licensed terminal operator may sell or otherwise transfer a video gaming terminal to another licensed terminal operator. The proposed rule change brings clarity to this issue. It amends Section 1010 of the video gaming rules [11 Ill. Admin. Code 1800.1010 ("Restriction on Sale, Distribution, Transfer, Supply, and Operation of Video Gaming Terminals")] to authorize such a sale or transfer only with prior written approval of the Administrator.

#### Additional record-keeping requirements for facility payments.

A "facility payment" is defined in the video gaming rules as a manual payment of currency by an authorized employee of a licensed video gaming location or terminal operator for amounts owed to a patron by a video gaming terminal when a video gaming terminal or ticket payout device has malfunctioned and is unable to produce or redeem a ticket. Section 1410 e) of the video gaming rules [11 Ill. Admin. Code 1800.1410 ("Ticket Payout Devices")] currently requires that all facility payments must be accounted for by the licensed terminal operator and licensed video gaming location using Generally Accepted Accounting Principles (GAAP). As an additional check on accuracy and honesty, the proposed rule amends Section 1410 e) to require the recording of the following information for each facility payment:

- \* date and time of the payment event;
- \* amount paid;
- \* video gaming terminal license number, payout device number, or video gaming ticket number for which payment is made; and
- \* name of the individual processing the facility payment.

Redemption of tickets following removal or unavailability of a ticket payout device.

This proposed change to the video gaming rules adds a new Section 1420 [11 Ill. Admin. Code 1800.1420 ("Redemption of Tickets Following Removal or Unavailability of Ticket Payout Devices")] addressing ticket redemption procedures in the following two situations:

- \* A video gaming location changes terminal providers and changes ticket payout systems, thereby rendering tickets unredeemable by the new ticket payout device at the location; or
- \* A location either ceases video gaming operations or suspends them for more than 10 days because of closure, change of location, revocation or suspension of liquor or video gaming license, or other cause.

In instances when a location changes terminal providers and ticket payout systems, the rulemaking requires the location to provide facility payments to the patrons for tickets issued under the previous terminal operator.

In instances when a location ceases video gaming operations or suspends them for more than 10 days, the rulemaking requires the location to inform patrons of the name and phone number of the terminal operator from which patrons can seek payment for unredeemed tickets, using both of the following methods:

- \* Placing a prominent sign at the location (whose dimensions are specified in the rulemaking); and
- \* Placing a prominent notice on any internet site or social media outlet under the location's operation or control.

For all situations covered by this rulemaking, the terminal operator must maintain or secure a list or database of all issued and unredeemed tickets from the affected location. This list or database must be maintained for not less than one year.

- **Proposed Amendments to the Video Gaming Rules –**

Member Vander Weele moved **that the Board authorize staff to amend the Board's rules on Video Gaming, Section 110 regarding Definitions; Section 810 regarding Location and Placement of Video Gaming Terminals; Section 1010 regarding Restriction on Sale, Distribution, Transfer, Supply, and Operation of Video Gaming Terminals; and Section 1410 regarding Ticket Payout Devices; and to file a new Section 1420 regarding Redemption of Tickets Following Removal or Unavailability of Ticket Payout Devices, by submitting a proposal for First Notice Filing with the Secretary of State upon final review and approval by the Administrator.** Member Gould seconded the motion. The Board approved the motion unanimously by roll call vote.

#### **MANUFACTURER, DISTRIBUTORS AND SUPPLIERS LICENSEE ITEMS –**

- **Happ Controls, Inc. – Initial Distributor License**

Based on staff's investigation, Member Gould moved **that the Board approve the Distributor License of Happ Controls, Inc., effective June 20, 2013 for a term of one year, expiring in June 2014.** Member Vander Weele seconded the motion. The Board approved the motion unanimously by roll call vote.

- **Welch Gaming, LLC – Initial Supplier License**

Based on staff's investigation, Member Vander Weele moved that **the Board approve the Supplier License of Welch Gaming, LLC effective June 20, 2013 for a term of one year, expiring in June 2014.** Member Gould seconded the motion. The Board approved the motion unanimously by roll call vote.

- **NRT Technology Corp. – Supplier License Renewal**

Based on staff's investigation, Member Gould moved that **the Board renew the Supplier License of NRT Technology Corp., effective June 20, 2013, for a term of one year, expiring in June 2014.** Member Vander Weele seconded the motion. The Board approved the motion unanimously by roll call vote.

#### **TERMINAL OPERATOR LICENSEE ITEMS –**

- **AP Gaming LLC**

Based on staff's investigation, Member Vander Weele moved that **the Board renew the Terminal Operator License of AP Gaming LLC effective June 20, 2013 for a period of one year, expiring in June 2014.** Member Gould seconded the motion. The Board approved the motion unanimously by roll call vote.

- **VGT Illinois, LLC**

Based on staff's investigation, Member Vander Weele moved that **the Board approve VGT Illinois, LLC's request to surrender its Terminal Operator License, effective June 20, 2013.** Member Gould seconded the motion. The Board approved the motion unanimously by roll call vote.

- **Abraham Gaming, LLC**

Based on staff's investigation, Member Gould moved that **the Board accept the proposed settlement agreement from Abraham Gaming, LLC; delegate to the Administrator the authority to execute such settlement; and authorize legal counsel to present the executed settlement agreement to the Administrative Law Judge for disposition of this matter, in accordance with the terms of the settlement agreement.** Further, Member Gould moved that **the Board renew the Terminal Operator License of Abraham Gaming, LLC retroactive to March 20, 2013 for a period of one year, expiring in March 2014.** Member Vander Weele seconded the motion. The Board approved the motion unanimously by roll call vote.

#### **TECHNICIAN & TERMINAL HANDLER LICENSEE ITEMS –**

- **Approvals & Denials**

Based on staff's investigation, Member Vander Weele moved that **the Board approve 3 applications for Technician Licenses and 33 applications for Terminal Handler Licenses and that the Board deny the license application of Jerry Wayne Waldo.** Member Gould seconded the motion. The Board approved the motion unanimously by roll call vote.

#### **VIDEO GAMING LOCATION LICENSEE ITEMS –**

- Based on staff's investigation, Member Gould moved that **the Board approve 222 applications for Video Gaming Location Licenses, and that the Administrator issue a Notice of Denial to the following Video Gaming Location License Applicants:**

- **Apodaca, Inc.**
- **AJ Kent, Inc.**
- **Fraternal Order of Eagles, Aerie #2494**
- **Julie's Shooting Star, Inc.**
- **IVS of Lake Villa, Corp.**
- **El Rodeo Sports Bar & Grill, Inc.**
- **El Tiburon, Inc.**

Member Vander Weele seconded the motion. The Board approved the motion unanimously by roll call vote.

#### **PROPOSED COMPLAINTS AND DISCIPLINARY ACTIONS-**

General Counsel Mattison stated that the handlers, technicians and locations will receive a renewal notice a month prior to their renewal date. Ms. Mattison asked that the licensees please

wait until the notice is received before sending in their fee for renewal. Ms. Mattison also stated that each is responsible for keeping their information up to date and notifying the IGB of any changes.

- **Spielo International Canada ULC –**

Based on staff's investigation, Member Vander Weele moved that **the Board issue a Disciplinary Complaint to fine Spielo International Canada ULC \$20,000.00 for failing to timely file its license renewal application.** Member Gould seconded the motion. The Board approved the motion unanimously by roll call vote.

#### **ADMINISTRATIVE REQUESTS FOR HEARING –**

- **Requests for Hearing**

Based on staff's investigation, Member Gould moved that **the Board deny the requests for hearing from Olive or Twist, Inc.; Anne Mordis; Chicago Heights Post No. 131, American Legion; Robert Scott's, Inc.; Parkers Four, Inc.; Robinson Lodge 1188 of the Benevolent and Protective Order of Elks; and Mr. Robert G. Kelly, Jr. as none has offered facts to establish a prima facie case.** Member Vander Weele seconded the motion. The Board approved the motion unanimously by roll call vote.

- **Requests to Reapply –**

Based on staff's investigation, Member Vander Weele moved that **the Board deny the request to reapply within one year from the date of denial from Teuta Abdullai; and grant the requests to reapply from TJ's Enterprises of Benld, Inc. and Crusen & Klein, Inc. d/b/a Crusen's of Elmwood.** Member Gould seconded the motion. The Board approved the motion unanimously by roll call vote.

At 11:25 A.M. Member Gould motioned to adjourn and Member Vander Weele seconded the motion. All Members voted in favor of adjournment.

Respectfully submitted,

Mary C. Boruta  
Secretary to the Administrator